

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-543-C - ORDER NO. 2001-263

APRIL 20, 2001

IN RE: Application of 1-800-RECONEX, Inc. for a)	ORDER <i>Law</i>
Certificate of Public Convenience and)	GRANTING
Necessity to Operate as a Reseller of Long)	CERTIFICATE
Distance Telecommunications Service Within)	
the State of South Carolina)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the application of 1-800-Reconex, Inc. ("Reconex" or the "Company") for authority to provide long distance service in the State of South Carolina. The Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 2000) and Section 253 of the Telecommunications Act of 1996.

By letter, the Commission's Executive Director instructed Reconex to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Reconex's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Reconex complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were received concerning Reconex's application.

On February 21, 2001, Reconex filed a Motion for Expedited Review of its Application. By its Motion, Reconex requested that the Commission grant expedited review of its application and waive the requirement of a formal hearing on the

application. In support of its Motion, Reconex offered that it had published the Notice of Filing, and that no comments or Petitions to Intervene have been filed regarding the Company's application. The Commission previously granted Reconex a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services in South Carolina in Docket No. 97-280-C, Order No. 97-936, dated October 31, 1997. Reconex stated further that the Company has published the notice required by the Commission, and any interested party has had the opportunity for a hearing. Additionally, the Company asserted the Commission has satisfied any statutory requirements of notice and opportunity for a hearing, and the Commission has the discretion to consider the Company's application without a hearing. Reconex also waived its right to a hearing. In support of the Motion and for consideration of the application, Reconex filed the verified testimony of Mr. Dave Griffie, Chief Executive Officer of Reconex.

The Commission in its regularly scheduled Commission Meeting on March 6, 2001, considered Reconex's Motion For Expedited Review. The Commission recognizes Reconex is presently certified to operate as a reseller of local exchange services having been granted that authority by Order No. 97-936, dated October 31, 1997, in Docket No. 97-280-C. As no opposition to Reconex's Motion For Expedited Review was received, the Commission will grant Reconex's Motion For Expedited Review and consider Reconex's application in the Commission Meeting with a court reporter present. The Commission's discussion and deliberation in the presence of a court reporter and with

verified testimony of the witness will be deemed a hearing for the purposes of consideration of the Application.

S.C. Code Ann. §58-9-280(A) (Supp. 2000) provides “No telephone utility shall begin the construction or operation of any telephone utility plant or system, or any extension thereof, ... without first obtaining from the [C]ommission a certificate that public convenience and necessity require or will require such construction or operation.” Mr. Griffie’s testimony reveals Reconex seeks authority to operate as a reseller of intraLATA and interLATA telecommunications services to the public on a statewide basis. Although Reconex seeks initially to provide 1+ service, the Company seeks authority to offer on a resold basis in South Carolina, to the extent authorized by the Commission, direct-dialed services including 1+ service, flat-rate service, 800-inbound service, travel cards, and prepaid calling cards. Furthermore, the Company intends to operate solely as a switchless reseller; the Company will arrange for the traffic of underlying subscribers to be routed directly over the networks of its underlying carriers. Reconex will utilize Advanced Convergence Technologies and Global Crossings as its underlying carriers.

Griffie testified that Reconex has the managerial, technical, and financial ability to provide long distance telecommunications services in South Carolina. According to the testimony, Reconex has been providing telecommunications services since 1992. Additionally, Reconex is providing telecommunications services in several states including Indiana, South Dakota, Tennessee, Texas, and Wyoming. Reconex’s customer service department handles all customer service requests; customer service is not in any

manner outsourced to a third party provider. According to Griffie, the Company has met technical, financial, and managerial requirements in all forty-six jurisdictions (including South Carolina) in which it is presently certified. Reconex intends to market its services to its current local exchange customers in the state of South Carolina via distribution of marketing materials by the United States Postal Service. Additionally, the testimony reveals Reconex understands and will abide by the Commission's Marketing Guidelines issued in Docket No. 94-559-C by Order 95-658. Griffie also testifies that Reconex, at all times, will provide interstate services in compliance with all FCC rules and regulations.

Regarding the Company's managerial resources, the record reveals Todd Meislahn is the President and Chief Executive Officer of Reconex. Meislahn started the Company in 1992. For ten years prior to starting Reconex, Meislahn was Vice President of Operations for Forentco, Inc. a multistate furniture rental company. Joe Brandes, Reconex's Senior Vice President, joined the Company in 1996. From 1990 to 1996, Brandes was President of ProVision, Inc., a consumer products company which manufactured, marketed, and distributed golf products internationally. The Company's Vice President/General Counsel is William E. Braun. Braun joined the Company in 1997 and he is an attorney licensed to practice in the states of Oregon and California. Braun has practiced law for the past sixteen years and he has served in a litigation and advisory capacity for private firms, corporations, and governmental entities. William R. Conner is Vice President of Information Technology. Conner joined Reconex in July 2000; prior to joining Reconex, Conner had over twenty-seven years experience in the

telecommunications and information technology field. For example, prior to becoming employed with Reconex, Conner served as the Strategic Manager for a \$1.5B international telecommunication consulting firm. Conner holds a Bachelor of Science in Electrical Engineering. Finally, Dale N. Powers serves as the Company's Vice President of Finance. Powers joined Reconex in October 1999. Powers previously served as Chief Financial Officer for INTEX, a construction company, and from 1996 to 1998, he was Corporate Controller for NOW Software, a developer of consumer-oriented PIM software.

Griffie's testimony also reveals that Reconex's service and presence in South Carolina will bring long-term benefits to telephone users. According to the record, the Company's presence will offer more competition, additional services, and a better product at competitive prices. Other benefits of Reconex's presence include increase consumer choice as well as innovative telecommunications services; development of an expanded telecommunications supply industry in South Carolina; and an expanded tax base and revenue source for the State of South Carolina.

After full consideration of the applicable law, the Company's Motion for Expedited Review, the Company's Application, and the verified testimony of Mr. Griffie, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Reconex is organized as a corporation under the laws of the State of Oregon and has received a certificate from the Secretary of State of South Carolina to transact business within South Carolina as a foreign corporation.

2. Reconex operates as a reseller of interexchange services and wishes to provide interexchange services in South Carolina.

3. Reconex has the technical, managerial, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Reconex to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Reconex for its resale of residential services which includes only maximum rate levels with the flexibility for adjustment below the maximum rate levels previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Reconex shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, and tests and repairs. In addition, Reconex shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties

as well as emergencies which occur during non-office hours. Reconex shall file with the Commission the names, addresses, and telephone numbers of those representatives within thirty (30) days of receipt of this Order. The Company shall utilize the “Authorized Utility Representative Information” form which can be located at the Commission’s website at www.psc.state.sc.us/forms to file the names of these representatives with the Commission. Further, Reconex shall promptly notify the Commission in writing if the representatives are replaced.

4. Reconex shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. With regard to adjustments to residential rates, Reconex shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company’s subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. Section 58-9-540 (Supp. 2000).

5. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or

a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

6. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

7. Reconex is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Reconex shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Reconex changes underlying carriers, it shall notify the Commission in writing.

10. Reconex shall file annual surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for the surveillance reports can be found at the Commission's website at www.psc.state.sc.us/forms.

11. With regard to the origination and termination of toll calls within the same LATA, Reconex shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)